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Economic impact of COVID-19 pandemic in Armenia

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ABSTRACT

Relevance. The world will certainly remember 2020 as a serious challenge in all aspects of human life. At the same time, while developed countries, despite the severity of the economic crisis, have sufficient reserves to help their economies go through the recovery growth, developing economies turned out to be the most vulnerable. This article describes the consequences of the COVID-19 pandemic for the Armenian economy from the point of view of the most critical factors that have determined the country's economic development over the past decade. **Research objective.** The key goal of the study was to try to identify and assess the economic consequences of the COVID-19 pandemic in Armenia. **Data and methods.** The study surveys macroeconomic indicators in Armenia over the past six months. The analysis is based on the statistical data characterizing the economic situation in Armenia and takes into account the key sectors of the economy as well as its weaknesses. **Results.** Some sectors of the Armenian economy will be very vulnerable to the crisis resulting from the COVID-19 pandemic. **Conclusion.** The main conclusion of the study is that at the moment the economic system of Armenia is at the stage of stagnation and, in the light of the pandemic, will move to the stage of economic recession in the medium term.

KEYWORDS

COVID 19 pandemic, economic consequences, macroeconomic policy, Armenian economy, anti-crisis measures of the Government of the Armenia

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Экономические последствия COVID-19 для Армении

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АННОТАЦИЯ

Актуальность. Текущий, 2020 год запомнится миру как серьезное испытание во всех аспектах человеческой жизни. Вместе с тем, если развитые страны, несмотря на степень тяжести экономического кризиса, обладают достаточными резервами, чтобы помочь экономикам пройти через восстановительный рост, то развивающиеся экономики в этом смысле оказались наиболее уязвимы. В данной статье сделана попытка оценки последствий пандемии COVID 19 для экономики Армении, с точки зрения наиболее уязвимых факторов, сопровождающих экономическое развитие в стране последнее десятилетие. **Цель исследования.** Определить и оценить экономические последствия пандемии COVID 19 в Армении. **Данные и методы.** Анализ основан на статистических данных, характеризующих экономическую ситуацию в Армении в последние 6 месяцев. В ходе анализа были учтены ключевые отрасли экономики, а также основные слабые звенья экономического развития страны. **Результаты.** По итогам исследования был сделан вывод, что некоторые секторы экономики Армении будут очень уязвимы перед серьезным кризисом в результате пандемии COVID 19. **Вывод.** Основным выводом исследования стал тезис о том, что в настоящий момент экономическая система Армении находится в стадии стагнации и в условиях пандемии перейдет в стадию экономического спада в среднесрочной перспективе.

КЛЮЧЕВЫЕ СЛОВА

пандемия COVID 19, макроэкономическая политика, экономика Армении, антикризисные меры Правительства РА

ДЛЯ ЦИТИРОВАНИЯ

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Introduction

In research literature on developing economies and their potential growth, the institutional environment is described as one of the most significant problem points. Well-developed market institutions make it possible to minimize or reduce

losses from crises that arise from time to time in the economy (Honorati et al., 2020; Mishra, 2020; Ozili & Arun, 2020). Obviously, it is impossible to ensure sustainable rates of economic growth in the long term by means of state regulation alone and without the participation of a healthy insti-

tutional environment (Antinyan et al., 2020). The case of the 2020 pandemic illustrates this thesis very well. The whole world is experiencing and will continue to experience the economic consequences of the current situation for a long time. However, the stronger the economy is institutionally and the richer is the state budget of the country, the easier it is to cope with the consequences of the crisis, especially the crisis of this scale. Numerous studies already point to the serious economic decline looming in the near future (Buck et al., 2020; Furman et al., 2020). The world has seen a significant decline in trade flows, not to mention a decline in tourism. Some authors argue that the first sector to be affected is the domestic and foreign trade turnover of countries (Brodeur et al., 2020; Conti et al., 2020).

The specificity of the current situation is that in addition to the fact that the crisis will affect almost all countries of the world, it is structurally very different from the previous crises that the world economy has seen. As you know, forced quarantine, by and large, completely froze some sectors of the economy (tourism, services, transport and many other industries). In the case of self-sufficient economies, such measures led to a serious crisis, which, however, is not irreversible. In the case of underdeveloped economies, especially those that are vulnerable to external shocks, the consequences of the crisis of 2020 could be irreversible. Forecasts of a fall in global GDP fluctuate within -5% ¹. At the same time, according to the same source, the leading economies will experience a drop in GDP by 1–4%. Advanced economies will experience an 8%-drop in GDP (World economic outlook update, 2020). At the same time, in countries with emerging markets, according to the IMF forecasts, a fall in GDP will not exceed -3% (World economic outlook update, 2020). However, given that the pandemic is not over at the moment, it is difficult to make predictions with sufficient accuracy (Keogh-Brown et al., 2010; Jakson et al., 2020).

According to various estimates, in Armenia, GDP is likely to drop by 7–11%, which enables us to estimate the damage inflicted by the pandemic. As of early April, according to some experts, the economic decline may already be more than 11%, which is quite serious for Armenia². Fore-

casts from the Central Bank of Armenia are much rosier, and amount to no more than 4% ³. The Armenian government also presents rather optimistic forecasts regarding the forthcoming fall. According to the forecast of the World Bank, GDP will fall by 2.8% (Global Economic Prospects, 2020, June). Thus, opinions and forecasts regarding the consequences of the pandemic for the Armenian economy differ significantly. Obviously, the real consequences can only be assessed in a year or two. However, even now one can see losses in certain sectors of the economy.

This research aims to assess the economic situation in Armenia in the light of such factors as slowing economic growth over the past ten years. The main objective of the study is to analyze the key drivers of the economic slowdown in terms of the pandemic's mid-term impact.

The main tasks of the research include the following:

1. Analyze the current macroeconomic situation in Armenia.
2. Identify the weakest sectors of the Armenian economy.
3. Recommend an anti-crisis program for the Government of Armenia.
4. Highlight the key sectors most affected by the pandemic-induced crisis.

Results and Discussion

The economic consequences of the current situation in the world can be significantly negative and long-term. Obviously, estimation of the real consequences at the moment does not seem to be reliable enough. However, we can already observe some changes in certain sectors, a decrease in per capita income, and the growth of unemployment. Entire sectors of the economy have been frozen and the recovery of some of them at the moment seems doubtful.

The Armenian economy from this perspective is a vivid example of the negative consequences of the COVID-19 pandemic. Of course, the last decade has been quite difficult for the Armenian economy in terms of development. The factors behind the slowdown in economic growth were institutional and deep-seated problems that most clearly manifested themselves during the 2007–2008 global financial crisis. Thus, the economic crisis caused by the 2020 pandemic found

¹ Bloomberg Economics. <https://www.bloomberg.com/markets/economics>

² Armenian Banks. <http://www.armbanks.am/2020/04/06/127957/>

³ ARKA News Agency. http://arka.am/ru/news/economy/prognosts_armenii_po_ekonomicheskomu_rostu_os-taetsya_neizmennym_glava_tsb/

the Armenian economy in an already weakened state, which means that the consequences for the country in the near future seem serious enough.

Within the framework of this study, we examined the key factors of the slowdown in economic growth in the light of intensified negative consequences of the 2020 crisis. From our point of view, it is important to identify the key vulnerable areas of Armenia's economy, which in turn will allow us, at a first approximation, to assess the upcoming risks associated with the consequences of the COVID-19 pandemic.

Slowdown in economic growth

Obviously, in the conditions of a slowdown in economic growth, any crisis affects the economy much more strongly. An already weakened economy is a more vulnerable system, and thus it is

more susceptible to the negative effects of external and internal shocks. In this sense, the Armenian economy is in a rather risky position (Monitoring of the measures taken by the EAEU? 2020).

Figure 1 illustrates the recession over a decade that began in 2008–2009. Only by 2019 Armenia had managed to cross the 2008 GDP threshold (Fig. 1). Comparing the first two quarters of 2019 and 2020, we can observe a slight increase. However, given that quarantine measures in Armenia were introduced only in mid-March, the economic growth indicators for the first quarter cannot reflect the real consequences of the measures for the economy.

In this regard, we reviewed the Economic Activity Index, which has been calculated in Armenia since 2011. As we can see in Figure 2, the data for the last five months of 2020 indicate a certain

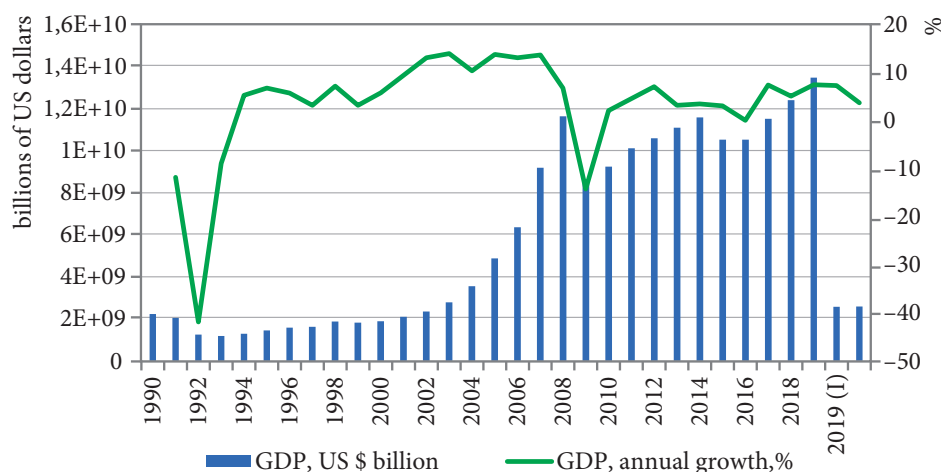


Figure 1. Economic growth in the Republic of Armenia, in billions of US dollars and %
Source: Database of NSS of Armenia www.armstat.am

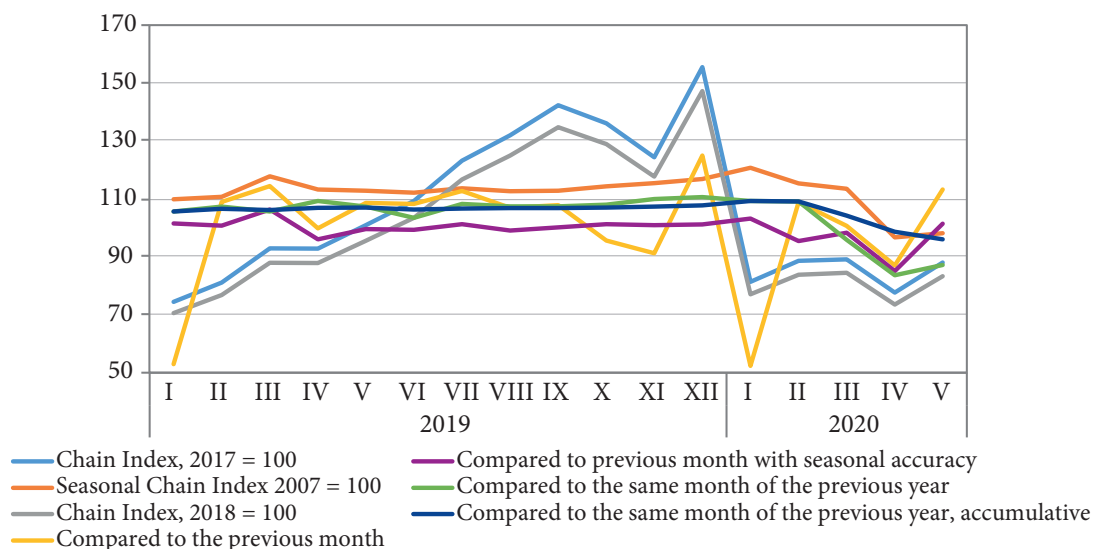


Figure 2. Index of economic activity of the Republic of Armenia, %
Source: Database of NSS of Armenia www.armstat.am

decline, especially in the months when almost all economic activity was suspended. In almost all categories of the Economic Activity Index, we see a fall of 10–15% on average compared to the same period last year (Fig. 2).

It is also interesting to note that, in general, the decline has been observed since January, which may also indicate other reasons for the decline in economic activity indicators, not related to the consequences of the 2020 pandemic. To some extent, seasonal factors are important as well as the reduction of the most seasonally elastic sectors of the economy, for example, tourism, agriculture, etc.

Low diversification of GDP structure

Diversification of the economy is essential in terms of economic growth and development. Our research proves that the degree of diversification of the Armenian economy is at the level of

average indicators (Voskanyan& Galstyan, 2018). Today, as in many economies, the services sector accounts for the largest share of GDP (see Fig. 3). The share of agriculture and industry ranks second and third. As we can see from the results of the first six months of 2020, there is a significant reduction in the share of industry and agriculture in the structure of GDP, which is generally due to both quarantine measures and a reduction in demand in general against the background of the reduction or complete cessation of some economic activities in the country.

Thus, given the fairly large share of the service sector in the GDP structure, the Armenian economy, like many other developing economies, is in a rather vulnerable position from the point of view of the impact of external shocks.

Among the first to be hit by quarantine measures was trade. As we can see in Figure 4, the volume of total trade in Armenia decreased by 10.8%

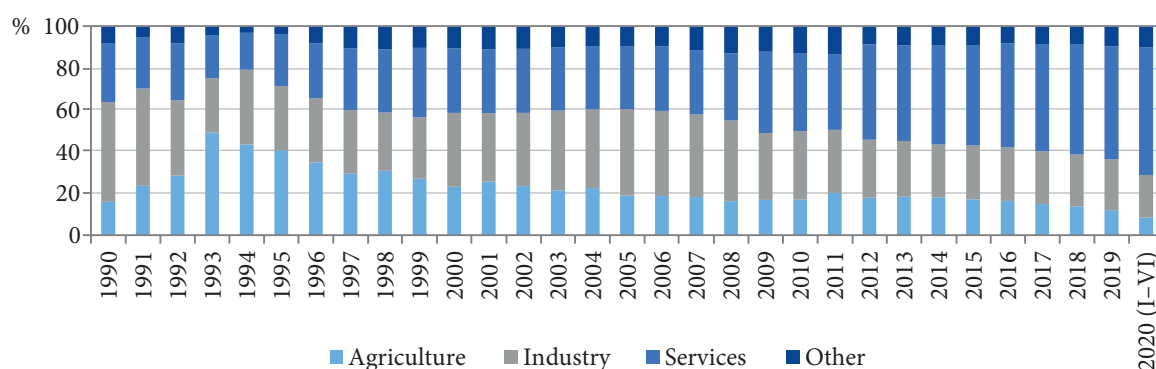


Figure 3. The structure of the Armenian GDP
Source: Database of NSS of Armenia www.armstat.am

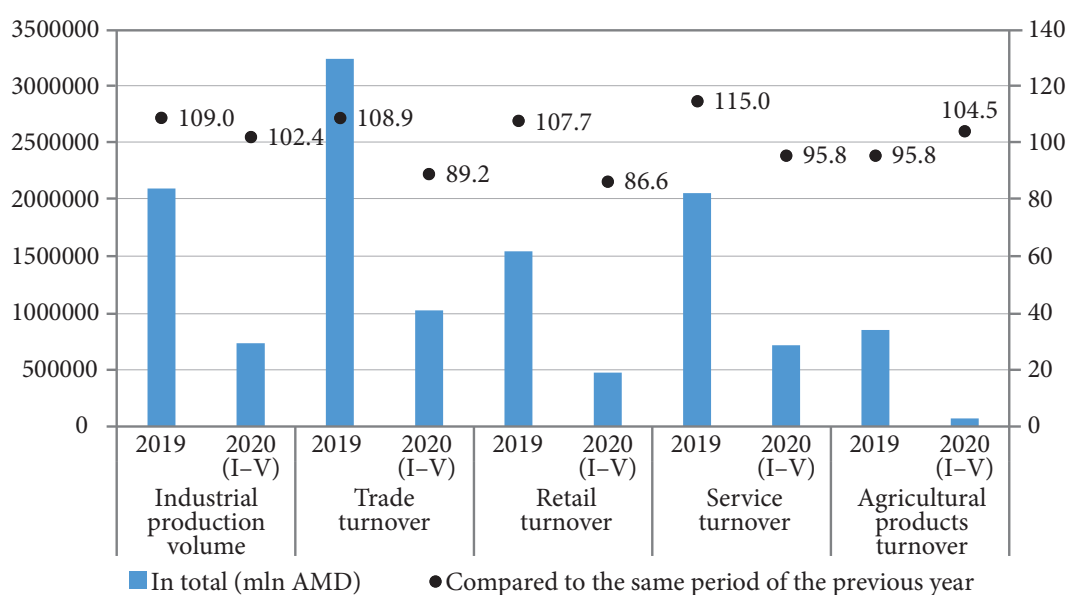


Figure 4. Volumes of various sectors of economic activity in Armenia, in AMD million and %
Source: Database of NSS of Armenia www.armstat.am

compared to the same period of the previous year. The decline in retail trade has already amounted to 13.4%, which will undoubtedly negatively affect the indicators for the whole year. The turnover of services in Armenia also underwent some reduction and amounted to 4.2% less than the volume of services recorded in the same period last year.

Along with the contraction of trade and the service sector, the turnover of industry and agriculture shows a certain growth. Thus, the volume of industry increased by 2.4% compared to the same period last year, while the volume of agricultural products increased by 4.5%. Such dynamics inspire some optimism, although it is worth noting that, on average, growth in industrial production is lower compared to last year (SME Competitiveness Outlook, 2020). However, in the agricultural sector, on the contrary, there is a significant increase compared to the dynamics of 2019.

Nevertheless, the results of the first two quarters indicate a certain decline in most of the economy, which indicates the need for a more active anti-crisis policy on the part of the Government of Armenia.

Negative trade balance

The foreign trade turnover of Armenia has been characterized by negative balance values for many years. The high degree of import dependence of the Armenian economy makes it more sensitive to changes in the external environment. Closing borders between countries in the absence of their own resources that satisfy the primary

demand from the population can be fraught with significant negative consequences.

As we can see in Figure 5, the first quarter of 2020 is characterized by a sharp drop in the country's trade turnover, both in terms of exports and imports, which of course was due to strict quarantine measures. These measures not only limited the movement of human resources, but also any other movement, including trade transportation. By the end of April and mid-May, trade traffic from and to Armenia was reduced to the required critical minimum (Monitoring of the measures taken by the EA member states, 2020).

As of the end of May, exports decreased by 8.1% compared to the same period last year. The largest decrease in exports is observed in April and is 28.8% of the indicators for the same period in 2019. In general, today the reduction in export positions compared with the 2009 crisis is a lower percentage, which allows us to expect a similar situation within this year.

As for imports, the results of the first five months of 2020 show that imports grew by 87.2% compared to the same period in 2019. The largest reduction in imports was again observed in April, when Armenia introduced lockdown measures and almost all economic activity was suspended for more than a month. The volume of imports in April amounted to 73.3% compared to the same periods last year, and in May this figure was 78.2%.

Again, compared with the crisis of 2008–2009, when the reduction in imports was 25%, and following the results of the crisis of 2014 with the reduction of 26.8%, we can say that the first half

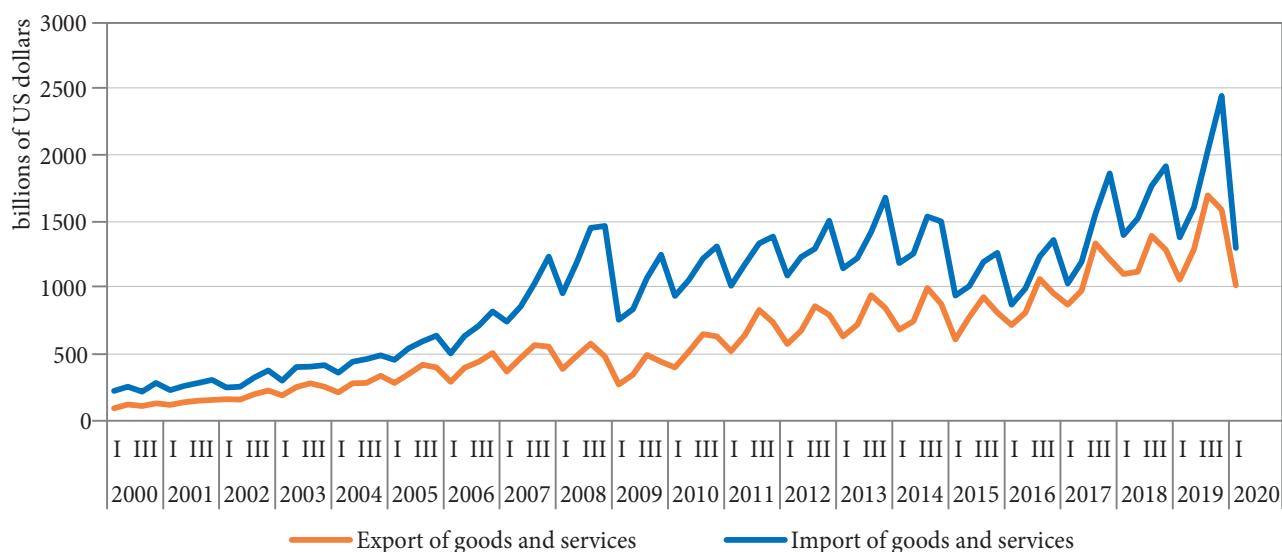


Figure 5. Export and import of goods and services of the Republic of Armenia, in billion US dollars

Source: Database of NSS of Armenia www.armstat.am

of 2020 is currently showing slightly better indicators. Given the weak positions of Armenia in the sphere of food security (grain crops and some other goods), in the long term, if the quarantine measures between the countries continue, this situation may result in significant threats to Armenia.

In general, Armenia's foreign trade turnover as of the end of May decreased by 11.2%, which is better than the decline in 2009 (–26.5%) and 2015 (–20.9%). The largest decrease in foreign trade turnover was observed in April 2020 and amounted to 72.3% compared to the same period last year.

Reduced investment

Armenia has also faced a slight decrease in foreign direct investment, which in general is a natural consequence of the economic instability in the world over the past five six months (see Fig. 6).

At the same time, it should be noted that both the inflow and outflow of FDI have decreased,

which may lead to the redirection of investment resources to local needs of the economy, and thereby increase the volume of domestic investment.

Labor market inefficiency

In many ways, the events of the past six months have prompted employers and governments to reconsider their approaches to labor regulation. It is no secret that many sectors of the economy were forced to make their workers redundant, both due to the lockdown, and in connection with the decrease in demand for a particular type of economic activity. In this sense, the Armenian economy was no exception.

The results of the first quarter show a decrease in the employment rate by 1.6% compared to 2019 (see Fig. 7). At the moment, there are no more recent data, however, from the available figures we can predict negative volatility in the labor market.

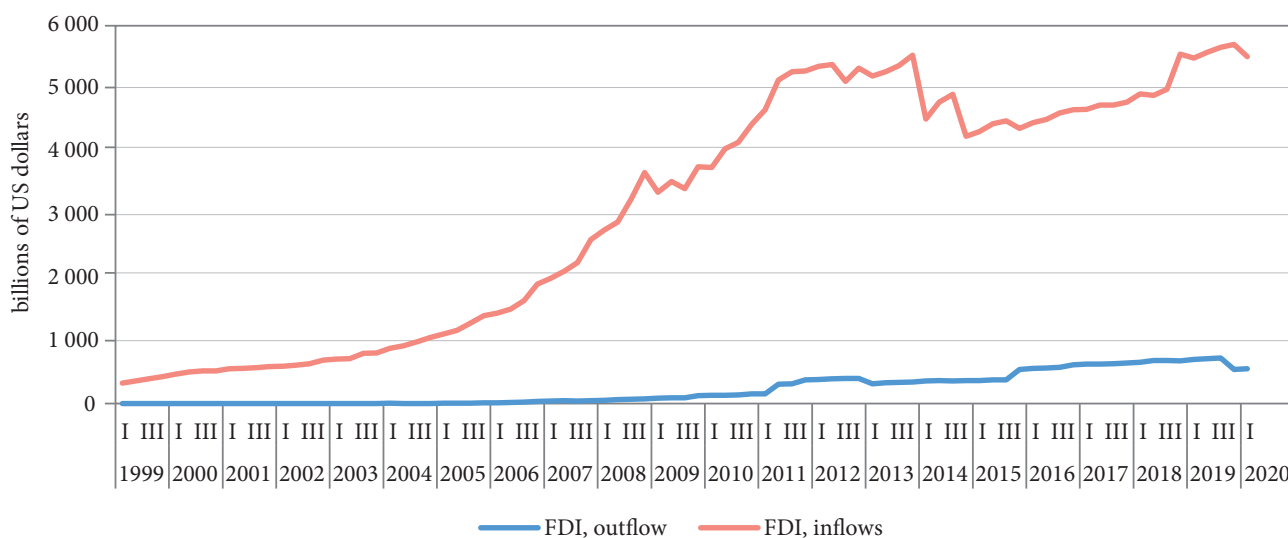


Figure 6. Direct foreign investments in the Armenia, in billions of US dollars

Source: Database of the Central Bank of Armenia www.cba.am

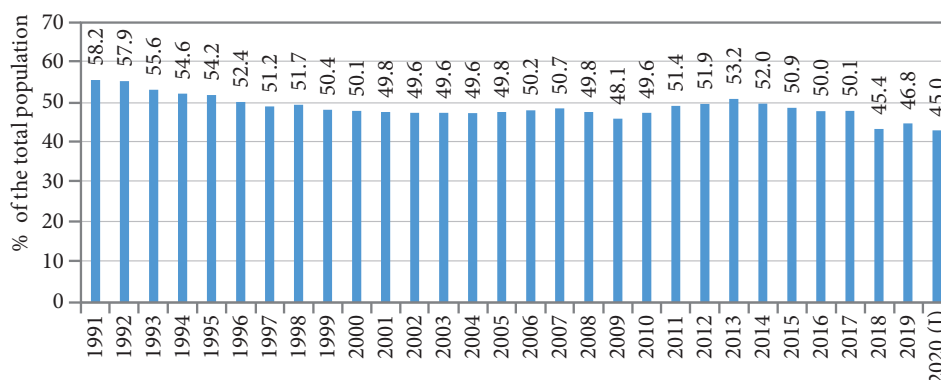


Figure 7. Employment of the population 15+ (% of the total population)

Source: Database of NSS of Armenia www.armstat.am

In addition, it should be noted that employment has been declining steadily over the past seven years, exacerbating the negative impact of the cuts in the face of the 2020 global pandemic.

In the light of growing unemployment, the obvious consequence was an increase in the unemployment rate in Armenia (Fig. 8). As of the end of the first quarter of 2020, the unemployment rate in the country was 19.8%, which is higher than in 2019. At the moment, it is too early to judge the real consequences of the current crisis for the labor market, but we can say with confidence that those who employed in some sectors will inevitably fall into the rank of unemployed. First of all, this will affect the sphere of tourism and hotel services, to a certain extent, restaurant

and related business, as well as some other areas that, if not immediately felt the reduction in economic activity in the country, then in the long term, will certainly have to accept the challenge of the coming crisis.

Low incomes and high poverty rates

Of course, initially low incomes of the population are already a big problem in terms of economic growth and development. However, in a crisis, the decline in household incomes becomes a serious test for government regulation.

In this sense, according to statistical indicators, the size of the average monthly wages in the first quarter shows growth, both in absolute and relative terms (see Fig. 9). The growth of wages

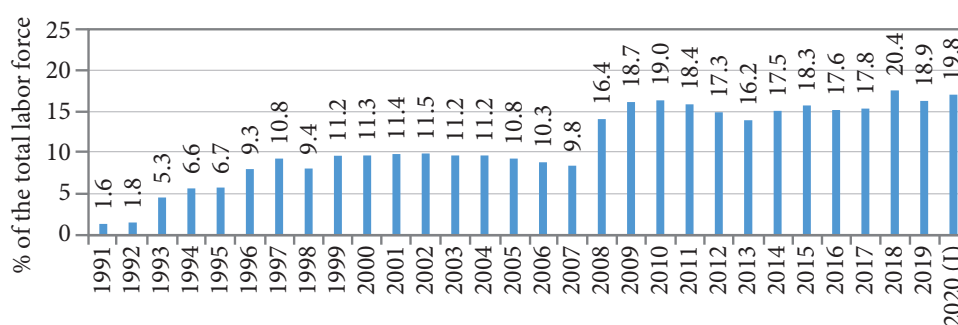


Figure 8. Unemployment (% of the total labor force)

Source: Database of NSS of Armenia www.armstat.am

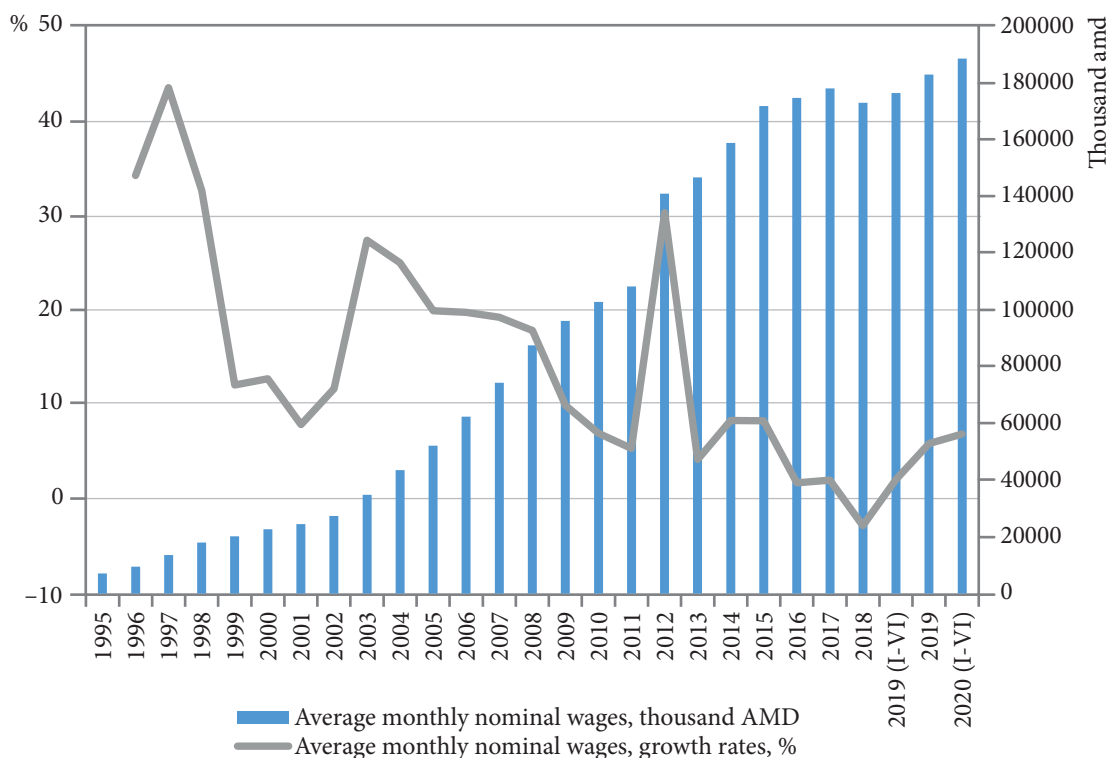


Figure 9. Average monthly nominal wages, in thousand AMD, 1995–2020

Source: Database of NSS of Armenia www.armstat.am

in the first two quarters of 2020 was 6.8%, against the background of the 2% growth in the same period of 2019. Thus, according to the Armenian National Statistical Service, in 2020 the average salary exceeded the indicators of 2019.

Nevertheless, in the structure of incomes of the Armenian population, in addition to wages, a rather significant share is occupied by private foreign money transfers.

As we can see in Figure 10, the inflow of private foreign cash transfers has declined significantly. Comparing the volume of transfer inflows in the first five months of 2020 with the same period last year, a decrease of 22.4% can be noted. At the same time, most of the reduction is associated with the reduction in the inflow of private foreign money transfers from the Russian Federation. It should also be noted that, given the seasonal nature of private foreign money transfers, one cannot but expect a significant reduction in such in-

flows by the end of 2020, which will be caused by the natural consequences of the current pandemic in Russia and, therefore, by a reduction in the incomes of Armenian citizens living in the territory. In addition, over the past three months, there has been a large influx of population from Russia to Armenia, which will also affect the reduction in the inflow of private foreign money transfers.

Implications for the State Budget of Armenia

Against the background of a temporary but rather protracted suspension of economic activity, the natural reaction of governments was to actively stimulate the economy by injecting additional funds. However, the obvious result of such actions will be the expansion of public spending, which means, in the case of Armenia, an increase in the negative budget deficit.

Figure 11 shows the structure of public spending in Armenia: as we can see, social needs con-

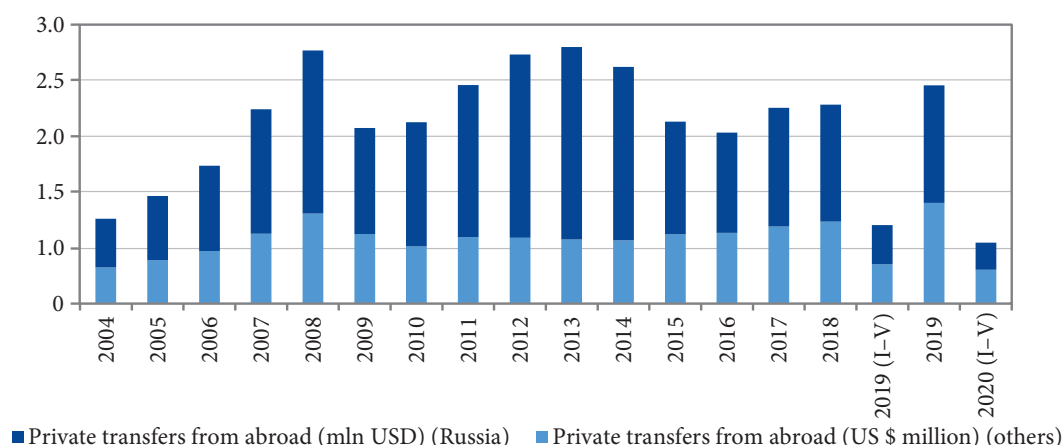


Figure 10. Private foreign cash transfers

Source: Database of the Central Bank of Armenia www.cba.am

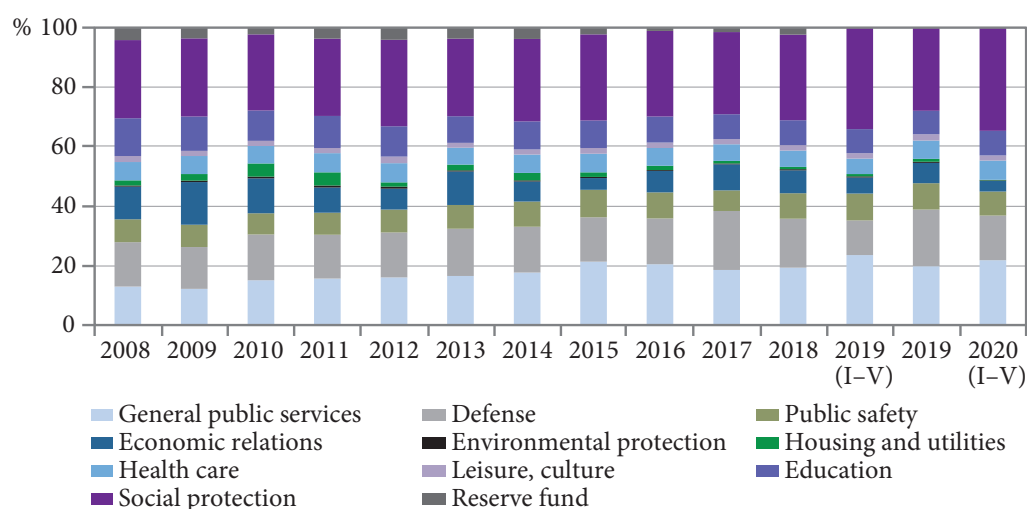


Figure 11. The structure of public expenditures in Armenia

Source: Database of NSS of Armenia www.armstat.am

stitute the largest share in public spending; they are followed by the public sector and defense. Taking into account the forced and significant downtime of most economic activity, almost all the states put great effort into stimulating national economies in order to prevent a serious decline in GDP. The Armenian government was guided by the same logic. As you can see from the above figure, the share of social spending as well as public sector spending has been markedly increased. Social spending was increased by 22% and public sector spending by 10.7% compared to the same period in 2019. Defense spending was increased by almost 56%, and education spending was increased by 23.8%. Finally, for obvious reasons, a significant increase in expenditures compared to the same period last year is demonstrated by the health care sector in the structure of state budget expenditures. Over the past five months, an increase in health care costs amounted to 48.5% compared to last year.

Thus, in general, state budget expenditures increased by 19.8% compared to the same period last year, while income growth was limited to only 0.8% growth. However, as statistics indicate, such a policy did not lead to an increase in the state

budget deficit, but on the contrary, there is a noticeable reduction in this indicator compared to the same period last year. In other words, we can state a slight increase in the burden on the state budget. However, it is obvious that the situation may change by the end of the year.

Anti-Crisis Program of the Government of Armenia

The overwhelming majority of countries in the world have taken active and impressive measures to stimulate the economy. The size of injections from the budget varies from 2% to 10% of GDP. Of course, this primarily depends on the capabilities of the budget itself. In particular, for example, in Iran, support to the economy from the state budget amounted to about 10%, in Russia about 6.5%. Figure 12 shows the data on the state support to national economies in order to neutralize the consequences of the COVID 19 pandemic. As we can see, most of the developed countries spent large amounts to support the population and the real sector.

Most countries have devised and implemented anti-crisis measures, although some are still in the process of finalizing them. Armenia was no

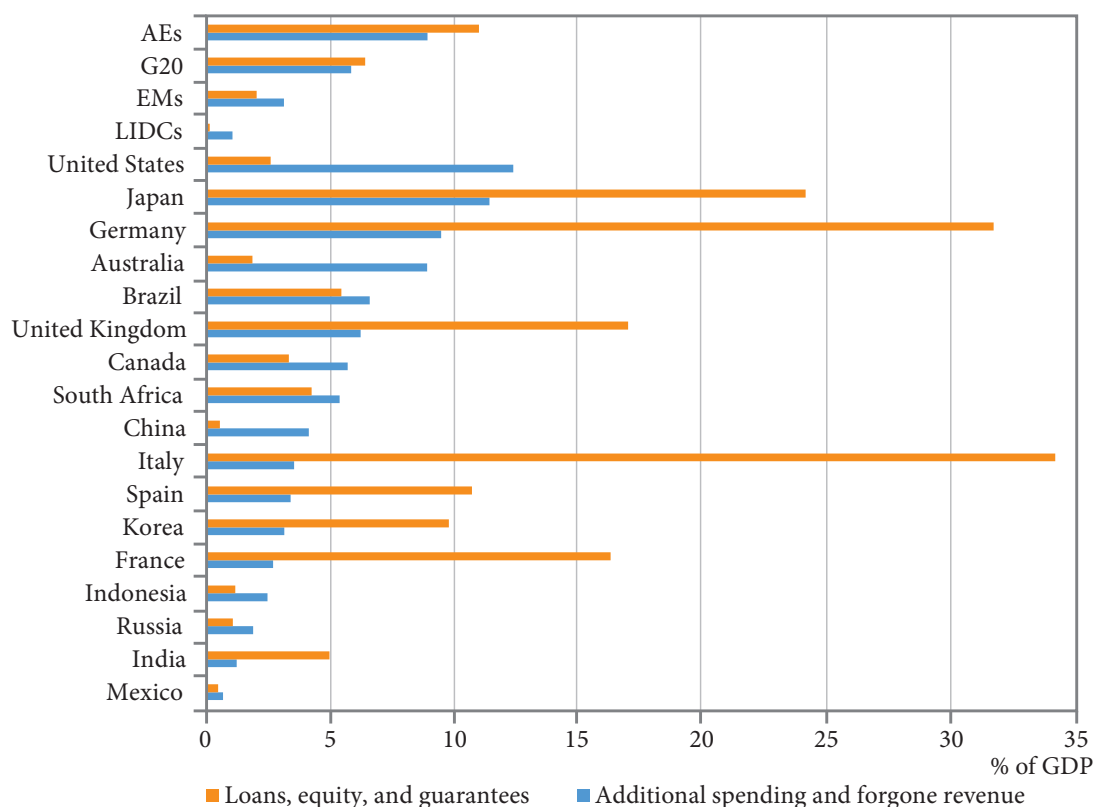


Figure 12. Fiscal measures of countries to support their economies, 2020, % of GDP

Source: International Monetary Fund <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOWupdateJune2020>

Table 1

Programs to address the economic impact of COVID-19

	Target	Beneficiary	Support
ACTION 1	Depends on the purpose of spending	resident economic entity with a good credit and tax record	co-financing, refinancing, subsidies
ACTION 2	Agriculture	resident economic entity or individual with a good credit and tax record as well as cooperative farms	provided in the form of interest rate subsidy; for cooperative farms – in the form of co-financing, including financial lease
ACTION 3	SMEs	resident economic entity with a good credit and tax record	loans of up to AMD 50 million, depending on turnover
ACTION 5	Effective Job Support	resident economic entity with 2–50 employees	One-time grant, in the amount of the salary of every 5 th employee
ACTION 10	support for micro-enterprises	economic entities registered as micro-enterprises	one-off assistance of 10% of the turnover of goods and services provided in the first quarter of 2020, but not more than twice the minimum wage
ACTION 17	high-tech industry	Business entities that meet the criteria specified in the Armenian Law on State Support in the Sphere of Information Technologies	one-time grant to successful entrepreneurs
ACTION 18	effective job support	economic entities registered in the Republic of Armenia that had 2–100 employees between February 1, 2020 and April 30, 2020	one-time grant
ACTION 19	support for competitive business ideas, entrepreneurial ideas developed by beneficiaries seeking to start a business from scratch, promotion of innovative business plans	Armenia-registered economic entity or individual entrepreneur	75% of financial resources are provided as interest-free loans with a maturity of 8 years, 25% as grants
ACTION 20	Effective job support	Business entities with 2 to 100 employees as of March 1, 2020 through May 31, 2020	one-time grant in the amount of the salary of every 5 th employee

Source: The Government of the Republic of Armenia <https://www.gov.am/ru/covid19/> (Accessed data July 1, 2020)

exception. At the first stage, the Government of Armenia developed an anti-crisis program consisting of 19 key points aimed at stabilizing the social and economic situation in the country. Subsequently, three more additional measures were proposed. All the measures were divided into two main groups⁴: measures to neutralize the economic and social consequences of the coronavirus pandemic. According to preliminary estimates, the volume of state support will amount to 150 billion AMD or about 2.3% of GDP. In the first two months of the anti-crisis program, 84.4 billion drams were distributed (Eurasian Economic Commission, 2020).

The key beneficiaries of the Economy Support Program were enterprises of the real sector, who suffered the most from the 6-week lockdown, micro-businesses, individual entrepreneurs and

firms in agriculture and the high-tech sector. Some measures were aimed at preserving the jobs in certain industries as well as compensating the costs of wages for workers who were in forced idle time. A complete list of anti-crisis measures is presented in Table 1.

The measures of social support included assistance to large families, families from disadvantaged groups, persons who lost their jobs during the pandemic, a compensation of utility costs to some social groups, compensation of tuition fees, partial compensation of incomes of the population in the sectors that have completely or partially suspended their activities during the lockdown, etc. A complete list of anti-crisis measures for social support is presented in Table 2.

These measures to some extent allowed the government to cushion the effect of the pandemic in the beginning. However, the anti-crisis measures also had significant drawbacks. Most

⁴ The Government of the Republic of Armenia. <https://www.gov.am/en/covid19/>

Table 2

Programs to address the social impact of COVID-19

	Beneficiary	Support type
ACTION 4	family with a child under 14, if the parents or one of the parents have lost their jobs in the period between March 13 and March 25 and neither of the parents had a job as of March 25	one-time support for each minor child in the amount of AMD 100,000
ACTION 6	citizens who lost their jobs on March 13-30, 2020.	lump-sum assistance in the amount of 68,000 AMD
ACTION 7	Pregnant women who were unemployed as of March 30, and whose husband lost his job between March 13–30, or unmarried pregnant women	one-time assistance in the amount of AMD 100,000
ACTION 8	individuals employed in the spheres listed below or self-employed on March 13-30, 2020.	lump-sum assistance
ACTION 9	Families with a child aged 0-18, if both parents are unemployed	lump-sum assistance for each child in the amount of AMD 26,500.
ACTION 11	subscribers to natural gas and electricity supply contracts whose consumer bills did not exceed 10,000 drams for natural gas consumption, 5,000 drams for electricity consumption as of February, 2020.	lump-sum assistance in the amount of 50% of natural gas and electricity consumed in February, 2020, respectively
ACTION 12	subscribers to natural gas and electricity supply contracts whose consumer bills amounted to AMD 10 001 – 30 000 for natural gas, and AMD 5 001 – 10 000 for electricity as of February, 2020.	lump-sum assistance in the amount of 30% of natural gas and electricity consumed in February, 2020, respectively
ACTION 13	socially disadvantaged families	one-time assistance
ACTION 14	Graduate and postgraduate students of HEIs	lump-sum assistance
ACTION 15	Armenian citizens or stateless persons residing in Armenia who may wish to participate in the construction of riverbanks in the country's highlands co-organized by Hayantar State Non-Governmental Organization, the Foundation for the Preservation of Wildlife and Cultural Heritage	competitive wage
ACTION 16	utility subscribers (natural gas, electricity, drinking water and (or) drainage service).	lump-sum assistance
ACTION 20	persons who from March 1 to June 15 were employed in the sectors specified below (employees under civil law contract) or sole proprietors	lump-sum assistance in the amount of the minimum wage
ACTION 21	people who lost their jobs and did not find a new one from March 31 to June 1, 2020.	one-time lump-sum support in the amount of AMD 68,000, paid exclusively by money transfer to the beneficiary's bank account

Source: The Government of the Republic of Armenia <https://www.gov.am/ru/covid19/>

of the measures were targeted at the most vulnerable groups, although ineffective administration has resulted in many potential beneficiaries not receiving the assistance they deserved. Another thing worth noting is the information asymmetry, when not all potential beneficiaries were sufficiently aware of their right to receive financial aid.

Conclusions

We analyzed the key factors of the economic slowdown in the light of the mid-term consequences of the pandemic. In addition, we considered the main measures taken by the Government of Armenia to overcome the economic problems associated with the pandemic.

As a result of the analysis of the macroeconomic situation in Armenia, we came to the conclusion that some sectors of the economy are currently very weak and require significant support from the government.

Among the key sectors that will probably be most severely affected by the crisis are exports and imports, economic diversification, the structure of the country's tax revenues and levels of public debt, incomes and levels of poverty, labor market efficiency, and investment in the economy.

At the same time, the anti-crisis program of the Government of Armenia currently only provides support for the economy in the short term. However, there is a need to develop an anti-crisis program that would address the mid- and long-

term consequences of the pandemic. At the moment, the government is at the stage of developing and approving such a program. However, we believe that, given the urgency of the issue, measures to support the economy should be started immediately.

To summarize the above analysis, it should be noted that, of course, Armenia, like all other economies in the world, has suffered from the consequences of the coronavirus pandemic in 2020. However, at the moment it is too early to

assess the real impact of the quarantine measures on economic growth and development both in Armenia and in the world. Of course, some predictions can already be made. However, given the degree of uncertainty associated with the end of the pandemic, it is difficult to fully rely on such forecasts. The only obvious fact is that the consequences will be long-term and will require significant intervention on the part of the government to maintain and restore the economy.

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